Liquidity Crunch in Indian Economy

3586. DR. B.B. DUTTA: Will the Minister of FINANCE be pleased to state:

(a) whether the economy faced a liquidity crunch during the last six months of the year 1995-96 and first quarter of 1996-97;

(b) if so, magnitude of the resource crunch and its impact on the economy;

(c) what were the factors responsible for the resource crunch;

(d) how Government solved this problem; and

(e) steps taken by Government to avoid such a situation in future?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM): (a) to (e) During the last six months of 1995-96 overall liquidity i.e. Money Supply (M3) in the economy rose by Rs. 52,050 crore (9.5 per cent) as compared with a rise of Rs. 52,562 crore (11.0 per cent) in the comparable period of 1994-95. In the first quarter of 1996-97 M3 increased by Rs. 21,383 crore (3.6 per cent) as compared with an increase of Rs. 4,661 crore (0.9 per cent) in the first quarter of 1995-96.

The policy stance for the year (1995-96) was to contain M3 growth to a level lower than that in 1994-95. This was felt to be necessary as the liquidity growth in the previous two years had been very high and the inflation rate had registered double digit levels for two successive years. The stance of monetary policy is to ensure that the genuine productive requirement for credit in the economy are fully met while keeping inflation under control.

Environment and Social Report By Infrastructure Leasing and Financing Services Ltd.

3587. SHRI GOVINDRAO ADIK: Will the Minister of FINANCE be pleased to state:

(a) whether Government have seen the Environmental and Social Report prepared by the Infrstructrue Leasing and financing Services Ltd. the concept of which has been appreciated by the World Bank for making it a standard requirement for projects funded by it around the world and which has appeared in the Times of India dated 8th April, 1996 under the heading "Planning Environmental and Social Responsiblity";

(b) if so, whether the concept envisioned in it will be applicable in the country for accelerating the clearance and implementation of projects being funded from World Bank; and

(c) the steps Government intend to take to implement it?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM): (a) to (c) The Government has seen the Environmental and Social Report prepared by Infrstructure Leasing and Financial Services Ltd. (IL&FS). The World Bank has its own Operational Directive on Environmental and Social issue which the projects assisted by it around the world are required to follow. The Environmental and Social Report prepared by IL&FS Ltd. is designed to meet such requirements for their Private Infrastructure Financing (IL&FS) Project which is based on assistance from the World Bank.

Increase in the Airfare

3588. SHRIMATI BASANTI SARMA: Will the Minister of CIVIL AVIATION be pleased to state:

(a) what are the details of the increase made in the airfare for the last six years from 1990 till date, year-wise;

(b) whether Government propose to further increase in the airfare; and

(c) if so, the reasons therefor and the extent to which it is likely to be increased?

THE MINISTER OF CIVIL AVIATION (SHRI C.M. IBRAHIM): (a) The range of fare increases from India effected by Air India and Indian Airlines in